

**ARIZONA CORPORATION COMMISSION**  
**UTILITIES DIVISION**

**ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY**

C

WS-01689A  
Clear Springs Utility Company, Inc.  
P. O. Box 85160  
Tucson AZ 85754-0000

**RECEIVED**

MAR 25 2005

AZ Corporation Commission  
Director Of Utilities

**ANNUAL REPORT**

**FOR YEAR ENDING**

12	31	2004
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FOR COMMISSION USE

ANN04	04
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## COMPANY INFORMATION

<b>Company Name (Business Name)</b> Clear Springs Utility Company--Water Division		
<b>Mailing Address</b> 2102 N. Forbes, #107		
(Street)		
Tucson	AZ	85745
(City)	(State)	(Zip)
520-624-4404	520-792-0377	
Telephone Number (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)
<b>Email Address</b>		
<b>Local Office Mailing Address</b> Same as above		
(Street)		
(City)	(State)	(Zip)
Local Office Telephone Number (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)
<b>Email Address</b>		

## MANAGEMENT INFORMATION

<b>Management Contact:</b> Southwestern Utility Management, Inc.			
(Name)		(Title)	
2101 N. Forbes, #107	Tucson	AZ	85745
(Street)	(City)	(State)	(Zip)
520-624-4404	520-792-0377		
Telephone Number (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
<b>Email Address</b>			
<b>On Site Manager:</b> Raymond Maldonado			
(Name)			
2102 N. Forbes, #107	Tucson	AZ	85745
(Street)	(City)	(State)	(Zip)
520-624-4404	520-792-0377		
Telephone Number (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
<b>Email Address</b>			

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

<b>Statutory Agent</b> Ezra H. Lewis			
(Name)			
2101 N. Forbes, #107	Tucson	AZ	85745
(Street)	(City)	(State)	(Zip)
520-624-4404	520-792-0377		
Telephone Number (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
<b>Attorney:</b>			
(Name)			
(Street) (City) (State) (Zip)			
Telephone Number (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)			

### **OWNERSHIP INFORMATION**

Check the following box that applies to you company:

<input type="checkbox"/> Sole Proprietor (S)	<input type="checkbox"/> C Corporation (C) (Other than Association/Co-Op)
<input type="checkbox"/> Partnership (P)	<input checked="" type="checkbox"/> Subchapter S Corporation (Z)
<input type="checkbox"/> Bankruptcy (B)	<input type="checkbox"/> Association/Co-Op (A)
<input type="checkbox"/> Receivership (R )	<input type="checkbox"/> Limited Liability Company
<input type="checkbox"/> Other (Describe) _____	

### **COUNTIES SERVED**

Check the box below for the county/ies in which you are certificated to provide service:

<input type="checkbox"/> APACHE	<input checked="" type="checkbox"/> COCHISE	<input type="checkbox"/> COCONINO
<input type="checkbox"/> GILA	<input type="checkbox"/> GRAHAM	<input type="checkbox"/> GREENLEE
<input type="checkbox"/> LA PAZ	<input type="checkbox"/> MARICOPA	<input type="checkbox"/> MOHAVE
<input type="checkbox"/> NAVAJO	<input type="checkbox"/> PIMA	<input type="checkbox"/> PINAL
<input type="checkbox"/> SANTA CRUZ	<input type="checkbox"/> YAVAPAI	<input type="checkbox"/> YUMA
<input type="checkbox"/> STATEWIDE		

**UTILITY PLANT IN SERVICE**

<b>Acct. No.</b>	<b>DESCRIPTION</b>	<b>Original Cost (OC)</b>	<b>Accumulated Depreciation (AD)</b>	<b>O.C.L.D (OC less AD)</b>
301	Organization	1,625	---	1,625
302	Franchises			
303	Land and Land Rights	210	---	210
304	Structures and Improvements	29,171	16,475	12,696
307	Wells and Springs	164,466	145,486	18,980
311	Pumping Equipment	126,250	108,598	17,652
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	111,843	70,542	41,301
331	Transmission and Distribution Mains	291,711	271,405	20,306
333	Services	97,230	55,525	41,705
334	Meters and Meter Installations	64,639	54,790	9,849
335	Hydrants	9,850	9,850	---
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	3,274	2,810	464
341	Transportation Equipment	18,973	16,240	2,733
343	Tools, Shop and Garage Equipment	6,728	6,528	200
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	<b>TOTALS</b>	<b>925,970</b>	<b>758,249</b>	<b>167,721</b>

This amount goes on the Balance Sheet Acct. No. 108

See Accountants' Report.

**CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR**

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization	1,625	---	---
302	Franchises			
303	Land and Land Rights	210	---	---
304	Structures and Improvements	29,171	5%	1,459
307	Wells and Springs	164,466	5%	8,223
311	Pumping Equipment	126,250	5%	6,313
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	111,843	5%	5,593
331	Transmission and Distribution Mains	*291,711	5%	2,733
333	Services	97,230	5%	4,862
334	Meters and Meter Installations	64,639	5%	3,231
335	Hydrants	*9,850	5%	462
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	3,274	5%	163
341	Transportation Equipment	18,973	5%	949
343	Tools, Shop and Garage Equipment	*6,728		10
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	<b>TOTALS</b>	925,970		33,998

Less: Amortization of Contributions in Aid of Construction

( 3,946)  
30,052

This amount goes on Com parative statement of Income and Expense Acct. No. 403.

\*Some costs are fully depreciated.

See Accountants' Report.

**BALANCE SHEET**

Acct. No.	ASSETS	BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	<b>CURRENT AND ACCRUED ASSETS</b>		
131	Cash	\$ 9,242	\$ 12,525
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	8,587	13,227
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies	8,228	8,228
162	Prepayments		
174	Miscellaneous Current and Accrued Assets	6,547	6,547
	<b>TOTAL CURRENT AND ACCRUED ASSETS</b>	\$ 32,604	\$ 40,527
	<b>FIXED ASSETS</b>		
101	Utility Plant in Service	\$ 892,758	\$ 925,970
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant	( 723,194 )	( 758,249 )
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	<b>TOTAL FIXED ASSETS</b>	\$ 169,564	\$ 167,721
	<b>TOTAL ASSETS</b>	\$ 202,168	\$ 208,248

**NOTE:** The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

**BALANCE SHEET (CONTINUED)**

Acct. No.	LIABILITIES	BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	<b>CURRENT LIABILITIES</b>		
231	Accounts Payable	\$ 7,075	\$ 16,194
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		28,587
235	Customer Deposits	16,599	17,194
236	Accrued Taxes	650	624
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities	12,382	16,735
	<b>TOTAL CURRENT LIABILITIES</b>	\$ 36,706	\$ 79,334
	<b>LONG-TERM DEBT (Over 12 Months)</b>		
224	Long-Term Notes and Bonds	\$ 74,652	\$ 72,528
	<b>DEFERRED CREDITS</b>		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction	64,589	64,182
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction	226,579	226,579
272	Less: Amortization of Contributions	( 222,633 )	( 226,579 )
281	Accumulated Deferred Income Tax		
	<b>TOTAL DEFERRED CREDITS</b>	\$ 68,535	\$ 64,182
	<b>TOTAL LIABILITIES</b>	\$ 179,893	\$ 216,044
	<b>CAPITAL ACCOUNTS</b>		
201	Common Stock Issued	\$ 1,000	\$ 1,000
211	Paid in Capital in Excess of Par Value	1,819,934	1,819,934
215	Retained Earnings	( 1,798,659 )	( 1,828,730 )
218	Proprietary Capital (Sole Props and Partnerships)		
	<b>TOTAL CAPITAL</b>	\$ 22,275	\$ ( 7,796 )
	<b>TOTAL LIABILITIES AND CAPITAL</b>	\$ 202,168	\$ 208,248

Beginning Retained Earnings	( 1,798,659 )
Net Loss for 2004	( 29,014 )
Acc Adjustment for Accumulated Depreciation	( 1,057 )
Ending Retained Earnings	( 1,828,730 )

See Accountants' Report.

**COMPARATIVE STATEMENT OF INCOME AND EXPENSE**

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 155,107	\$ 150,137
460	Unmetered Water Revenue		
474	Other Water Revenue	2,559	2,383
	<b>TOTAL REVENUES</b>	\$ 157,666	\$ 152,520
	<b>OPERATING EXPENSES</b>		
601	Salaries and Wages	\$	\$
610	Purchased Water		
615	Purchased Power	21,905	33,227
618	Chemicals	87	90
620	Repairs and Maintenance	7,616	2,818
621	Office Supplies and Expense	5,393	4,837
630	Outside Services	77,269	79,135
635	Water Testing	2,789	3,126
641	Rents		
650	Transportation Expense	5,470	7,787
657	Insurance – General Liability	2,647	5,228
659	Insurance – Health and Life		
666	Regulatory Commission Expense – Rate Case		
675	Miscellaneous Expense		494
403	Depreciation Expense	22,183	30,052
408	Taxes Other Than Income		
408.11	Property Taxes	10,091	10,219
409	Income Tax		
	<b>TOTAL OPERATING EXPENSES</b>	\$ 155,450	\$ 177,013
	<b>OPERATING INCOME/(LOSS)</b>	\$ 2,216	\$ ( 24,493 )
	<b>OTHER INCOME/(EXPENSE)</b>		
419	Interest and Dividend Income	\$ 6	\$ 3
421	Non-Utility Income	1,299	298
426	Miscellaneous Non-Utility Income		
427	Interest Expense	( 5,858 )	( 4,822 )
	<b>TOTAL OTHER INCOME/(EXPENSE)</b>	\$ ( 4,553 )	\$ ( 4,521 )
	<b>NET INCOME/(LOSS)</b>	\$ ( 2,337 )	\$ ( 29,014 )



**SUPPLEMENTAL FINANCIAL DATA**

Long-Term Debt

	<b>LOAN #1</b>	<b>LOAN #2</b>	<b>LOAN #3</b>	<b>LOAN #4</b>
Date Issued	6/01/01			
Source of Loan	W.I.F.A.			
ACC Decision No.	62583			
Reason for Loan	Finance Water System Improvements			
Dollar Amount Issued	\$ 80,000.00	\$	\$	\$
Amount Outstanding	\$ 72,527.53	\$	\$	\$
Date of Maturity	6/01/21			
Interest Rate	6.75%	%	%	%
Current Year Interest	\$ 4,821.74	\$	\$	\$
Current Year Principal	\$ 2,124.27	\$	\$	\$

Meter Deposit Balance at Test Year End      \$    12,183

Meter Deposits Refunded During the Test Year      \$    2,308

COMPANY NAME

CLEAR SPRINGS UTILITY - WATER

**WATER COMPANY PLANT DESCRIPTION****WELLS**

ADWR ID Number*	Pump Horsepower	Pump Yield (Gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-603877	50	300	700	16	6	1964
55-604034	(not in service)					
55-502128	30	225	800	16	6	1982
55-603879	5	25	442	6	None	1966
55-588414	7.5	40	505	8	2	2001
55-603882	5	18	675	8/6	None	1970
55-603880	5	25	560	6	None	1969

- Arizona Department of Water Resources Identification Number

**OTHER WATER SOURCES**

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
NONE		

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
20	2	73	
3	1		
5	2		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
100,000	1	5,000	4
12,500	2	1,000	2
1,000	1	3,000	1
		100	1

COMPANY NAME

CLEAR SPRINGS UTILITY - WATER

**WATER COMPANY PLANT DESCRIPTION (CONTINUED)****MAINS**

Size (in inches)	Material	Length (in feet)
2	Galvanized	200
3	PVC	360
4	PVC	3050
5		
6	PVC	3040
8	PVC	180
10	AC	6985
12	AC	200
2	PVC	871
3	AC	10698
4	AC	10520
6	AC	34195
8	AC	5650

**CUSTOMER METERS**

Size (in inches)	Quantity
5/8 X 3/4	535
3/4	5
1	16
1 1/2	8
2	3
Comp. 3	1
Turbo 3	
Comp. 4	
Tubo 4	
Comp. 6	
Tubo 6	

For the following three items, list the utility owned assets in each category.

**TREATMENT EQUIPMENT:**

NONE

**STRUCTURES:**

1313 Treasure Rd

**OTHER:**

6 cylinder Natural Gas Pump Motor

2" Trash Pump

Compressor

Whacker Compressor

7 kw generator

COMPANY NAME: CLEAR SPRINGS UTILITY - WATER

**WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2004**

PWS #02-008

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD	GALLON PUMPED (Thousands)
JANUARY	524	2496650	3148
FEBRUARY	524	2284080	2522
MARCH	525	1996680	2753
APRIL	526	2999920	3314
MAY	526	3763040	4438
JUNE	532	5549190	6415
JULY	532	5281240	5871
AUGUST	535	3642360	4206
SEPTEMBER	536	3752070	4437
OCTOBER	535	3515130	4078
NOVEMBER	535	2962730	3463
DECEMBER	536	2138570	2577
TOTAL		N/A	47222

Is the Water Utility located in an ADWR Active Management Area (AMA)?

( ) Yes (xx) No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?

( ) Yes (xx) No

If yes, provide the GPCPD amount: \_\_\_\_\_

What is the level of arsenic for each well on your system.  $\leq 0.0030$  mg/l  
(If more than one well, please list each separately.)  $\leq 0.0030$  mg/l

*Note: If you are filing for more than one system, please provide separate data sheets for each system.*

COMPANY NAME: CLEAR SPRINGS UTILITY - WATER

**WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2004**

PWS #02-049

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD	GALLON PUMPED (Thousands)
JANUARY	16	77570	82
FEBRUARY	16	66610	73
MARCH	16	65140	67
APRIL	16	129940	132
MAY	16	196100	196
JUNE	16	311670	312
JULY	16	263090	263
AUGUST	16	166720	169
SEPTEMBER	16	201260	201
OCTOBER	16	180270	180
NOVEMBER	16	121510	123
DECEMBER	16	60800	63
TOTAL		N/A	1861

Is the Water Utility located in an ADWR Active Management Area (AMA)?

( ) Yes (xx) No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?

( ) Yes (xx) No

If yes, provide the GPCPD amount: \_\_\_\_\_

What is the level of arsenic for each well on your system. ≤0.0030 mg/l

(If more than one well, please list each separately.)

*Note: If you are filing for more than one system, please provide separate data sheets for each system.*

COMPANY NAME: CLEAR SPRINGS UTILITY - WATER

**WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2004**

PWS #02-048

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD	GALLON PUMPED (Thousands)
JANUARY	3	17330	17
FEBRUARY	3	13390	13
MARCH	3	11290	11
APRIL	3	18930	19
MAY	3	31110	31
JUNE	3	58970	59
JULY	3	51740	52
AUGUST	3	19750	20
SEPTEMBER	3	17030	17
OCTOBER	3	14200	14
NOVEMBER	3	19220	19
DECEMBER	3	6770	7
TOTAL		N/A	279

Is the Water Utility located in an ADWR Active Management Area (AMA)?

( ) Yes (xx) No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?

( ) Yes (xx) No

If yes, provide the GPCPD amount: \_\_\_\_\_

What is the level of arsenic for each well on your system. N/A mg/l

(If more than one well, please list each separately.)

*Note: If you are filing for more than one system, please provide separate data sheets for each system.*

COMPANY NAME: CLEAR SPRINGS UTILITY

**WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2004**

PWS #02051

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD	GALLON PUMPED (Thousands)
JANUARY	7	84420	84
FEBRUARY	7	57240	57
MARCH	7	100380	100
APRIL	7	154140	154
MAY	7	192290	192
JUNE	7	245800	246
JULY	7	204950	205
AUGUST	7	162060	162
SEPTEMBER	7	139200	139
OCTOBER	7	107730	108
NOVEMBER	7	92130	92
DECEMBER	7	44300	44
TOTAL		N/A	1583

Is the Water Utility located in an ADWR Active Management Area (AMA)?

( ) Yes (xx) No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?

( ) Yes (xx) No

If yes, provide the GPCPD amount: \_\_\_\_\_

What is the level of arsenic for each well on your system. \_\_\_\_\_ N/A \_\_\_\_\_ mg/l

(If more than one well, please list each separately.)

*Note: If you are filing for more than one system, please provide separate data sheets for each system.*

COMPANY NAME Clear Springs Utility Company--Water Division

YEAR ENDING 12/31/2004

**PROPERTY TAXES**

Amount of actual property taxes paid during Calendar year 2004 was \$ 10,219

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property tax paid, explain why. \_\_\_\_\_



COMPANY NAME Clear Springs Utility Company--Water Division

YEAR ENDING 12/31/2004

**INCOME TAXES**

For this reporting period, please provide the following:

Federal Taxable Income Reported S Corporation  
Estimated or Actual Federal Tax Liability \_\_\_\_\_State Taxable Income Reported S Corporation  
Estimated or Actual State Tax Liability \_\_\_\_\_

Amount of Grossed-Up Contributions/Advances: \_\_\_\_\_

Amount of Contributions/Advances \_\_\_\_\_  
Amount of Gross-Up Tax Collected \_\_\_\_\_  
Total Grossed-Up Contributions/Advances \_\_\_\_\_

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

**CERTIFICATION**

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

  
\_\_\_\_\_  
SIGNATURE3-22-05  
\_\_\_\_\_  
DATE\_\_\_\_\_  
Ezra H. Lewis  
PRINTED NAME\_\_\_\_\_  
President  
TITLE

RECEIVED

VERIFICATION  
AND  
SWORN STATEMENT  
Intrastate Revenues Only

MAR 25 2005

VERIFICATION  
STATE OF

Arizona

I, THE UNDERSIGNED

OF THE

AZ Corporation Commission

Director Of Utilities

COUNTY OF (COUNTY NAME)

Pima

NAME (OWNER OR OFFICIAL) TITLE

Ezra H. Lewis, President

COMPANY NAME

Clear Springs Utility Company--Water Division

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH

12

DAY

31

YEAR

2004

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2002 WAS:

Arizona IntraState Gross Operating Revenues Only (\$)

\$ 162,116

(THE AMOUNT IN THE BOX ABOVE  
INCLUDES \$ 9,596  
IN SALES TAXES BILLED, OR COLLECTED)

\*\*REVENUE REPORTED ON THIS PAGE  
MUST INCLUDE SALES TAXES BILLED OR  
COLLECTED. IF FOR ANY OTHER REASON,  
THE REVENUE REPORTED ABOVE DOES NOT  
AGREE WITH TOTAL OPERATING REVENUES  
ELSEWHERE REPORTED, ATTACH THOSE  
STATEMENTS THAT RECONCILE THE  
DIFFERENCE. (EXPLAIN IN DETAIL)

*Ezra H. Lewis*  
SIGNATURE OF OWNER OR OFFICIAL

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 22<sup>ND</sup> DAY OF

(SEAL)

MY COMMISSION EXPIRES  
See Accountant's Report.

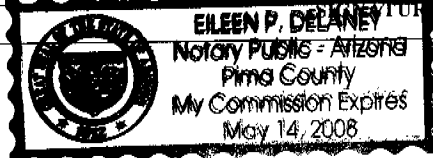
COUNTY NAME

PIMA

MONTH

MARCH

2005



**VERIFICATION  
AND  
SWORN STATEMENT  
RESIDENTIAL REVENUE  
Intrastate Revenues Only**

**RECEIVED**

MAR 25 2005

AZ Corporation Commission  
Director Of Utilities

**VERIFICATION**

**STATE OF ARIZONA  
I, THE UNDERSIGNED  
OF THE**

(COUNTY NAME) <b>Pima</b>	
NAME (OWNER OR OFFICIAL) <b>Ezra H. Lewis</b>	TITLE <b>President</b>
COMPANY NAME <b>Clear Springs Utility Company--Water Division</b>	

**DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION  
FOR THE YEAR ENDING**

MONTH <b>12</b>	DAY <b>31</b>	YEAR <b>2004</b>
--------------------	------------------	---------------------

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

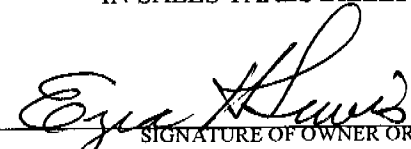
**SWORN STATEMENT**

**IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01 ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2002 WAS:**

ARIZONA INTRASTATE GROSS OPERATING REVENUES  <div style="text-align: right;"><b>\$ 134,763</b></div>
--

(THE AMOUNT IN BOX AT LEFT  
INCLUDES \$ **7,971**  
IN SALES TAXES BILLED, OR COLLECTED)

**\*RESIDENTIAL REVENUE REPORTED ON THIS PAGE  
MUST INCLUDE SALES TAXES BILLED.**

  
SIGNATURE OF OWNER OR OFFICIAL

\_\_\_\_\_  
TELEPHONE NUMBER

**SUBSCRIBED AND SWORN TO BEFORE ME  
A NOTARY PUBLIC IN AND FOR THE COUNTY OF  
THIS**

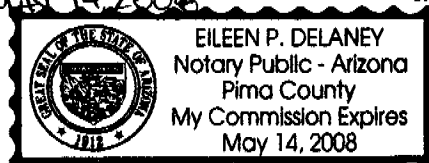
**22<sup>ND</sup> DAY OF**

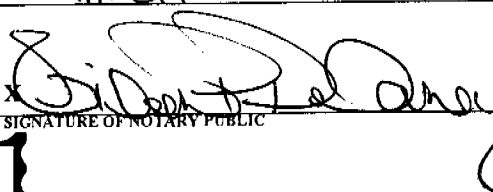
**(SEAL)**

NOTARY PUBLIC NAME <b>EILEEN P. DELANEY</b>	
COUNTY NAME <b>PIMA</b>	
MONTH <b>MARCH</b>	YEAR <b>2005</b>

**MY COMMISSION EXPIRES MAY 14, 2008**

See Accountants' Report



  
SIGNATURE OF NOTARY PUBLIC

## FINANCIAL INFORMATION

Attach to this annual report a copy of the companies' year-end (Calendar Year 2004) financial statements. If you do not compile these reports, the Utilities Division will supply you with blank financial statements for completion and filing. ALL INFORMATION MUST BE ARIZONA-SPECIFIC AND REFLECT OPERATING RESULTS IN ARIZONA.

PLEASE RETURN THIS PORTION WITH PAYMENT TO:

MARSHA BONHAM  
COCHISE CO TREASURER  
P O BOX 1778  
BISBEE AZ 85603

TAX ROLL NUMBER 111359
PARCEL IDENTIFICATION 905-32-278 3
TAX AREA CODE 2278

CLEAR SPRINGS UTILITY CO RECEIPT REQUESTED ☒  
P O BOX 85160  
TUCSON AZ 85754

\*IF TOTAL TAX DUE IS \$100.00 OR LESS FULL AMOUNT IS DUE NOW.  
SEE PAYMENT INSTRUCTIONS ON REVERSE SIDE OF NOTICE.  
ENTER ADDRESS CORRECTION ON THE BACK OF THIS COUPON.

2003 2ND-HALF COUPON

TO PAY 2ND HALF PAY 4,786.21

NOTE: 2nd HALF TAXES DELINQUENT AFTER MAY 1, 2004



02905322780032003000000004786

DOR Form PTXBL (4/2003)

PLEASE RETURN THIS PORTION WITH PAYMENT TO:

MARSHA BONHAM  
COCHISE CO TREASURER  
P O BOX 1778  
BISBEE AZ 85603

TAX ROLL NUMBER 111359
PARCEL IDENTIFICATION 905-32-270
TAX AREA CODE 2270

CLEAR SPRINGS UTILITY CO RECEIPT REQUESTED ☒  
P O BOX 85160  
TUCSON AZ 85754

\*IF TOTAL TAX DUE IS \$100.00 OR LESS FULL AMOUNT IS DUE NOW.  
SEE PAYMENT INSTRUCTIONS ON REVERSE SIDE OF NOTICE.  
ENTER ADDRESS CORRECTION ON THE BACK OF THIS COUPON.

2003 2ND-HALF COUPON

TO PAY 2ND HALF PAY 472.5

NOTE: 2nd HALF TAXES DELINQUENT AFTER MAY 1, 2004



0290532270009200300000000472

DOR Form PTXBL (4/2003)

CLEAR SPRINGS UTILITY CO. INC.  
PHONE 623-5172  
P.O. BOX 85160  
TUCSON, AZ 85754

WELLS FARGO BANK  
TUCSON, AZ 85745  
91-527/1221

4/28/2004

1714

PAY TO THE ORDER OF Marsha Bonham - Cochise Co. Treasurer \$ \*\*5,258.73  
Five Thousand Two Hundred Fifty-Eight and 73/100 \*\*\*\*\* DOLLARS

Marsha Bonham - Cochise Co. Treasurer

VOID AFTER 90 DAYS

MEMO

AUTHORIZED SIGNATURE

⑈001714⑈ ⑆122105278⑆0719902645⑈

CLEAR SPRINGS UTILITY CO. INC.  
Marsha Bonham - Cochise Co. Treasurer

4/28/2004

1714

Date	Type	Reference	Original Amt.	Balance Due	Discount	Payment
04/07/2004	Bill	2nd half 2003	472.52	472.52		472.52
04/07/2004	Bill	2nd half 2003	4,786.21	4,786.21		4,786.21
Check Amount						5,258.73

PLEASE RETURN THIS PORTION WITH PAYMENT TO:

MARSHA BONHAM  
COCHISE CO TREASURER  
P O BOX 1778  
BISBEE AZ 85603

TAX ROLL NUMBER	112977
PARCEL IDENTIFICATION	905-32-270 9
TAX AREA CODE	2270

CLEAR SPRINGS UTILITY CO  
P O BOX 85160  
TUCSON AZ 85754

RECEIPT REQUESTED ☒

PLEASE RETURN  
BOTH COUPONS  
WHEN PAYING  
FULL YEAR TAX

\*IF TOTAL TAX DUE IS \$100.00 OR LESS FULL AMOUNT IS DUE NOW.  
SEE PAYMENT INSTRUCTIONS ON REVERSE SIDE OF NOTICE.  
ENTER ADDRESS CORRECTION ON THE BACK OF THIS COUPON.

2004 1ST HALF COUPON

TO PAY 1ST HALF ONLY	PAY	452.78
TO PAY FULL YEAR TAX	PAY	905.56

NOTE: 1st HALF TAXES DELINQUENT AFTER NOV 1, 2004



0290532270009200400000045278

PLEASE RETURN THIS PORTION WITH PAYMENT TO:

MARSHA BONHAM  
COCHISE CO TREASURER  
P O BOX 1778  
BISBEE AZ 85603

TAX ROLL NUMBER	112978
PARCEL IDENTIFICATION	905-32-278 3
TAX AREA CODE	2278

CLEAR SPRINGS UTILITY CO  
P O BOX 85160  
TUCSON AZ 85754

RECEIPT REQUESTED ☒

PLEASE RETURN  
BOTH COUPONS  
WHEN PAYING  
FULL YEAR TAX

\*IF TOTAL TAX DUE IS \$100.00 OR LESS FULL AMOUNT IS DUE NOW.  
SEE PAYMENT INSTRUCTIONS ON REVERSE SIDE OF NOTICE.  
ENTER ADDRESS CORRECTION ON THE BACK OF THIS COUPON.

2004 1ST HALF COUPON

TO PAY 1ST HALF ONLY	PAY	4,507.54
TO PAY FULL YEAR TAX	PAY	9,015.08

NOTE: 1st HALF TAXES DELINQUENT AFTER NOV 1, 2004



0290532278003200400000450754

CLEAR SPRINGS UTILITY CO. INC.

PHONE 623-5172  
P.O. BOX 85160  
TUCSON, AZ 85754

WELLS FARGO BANK  
TUCSON, AZ 85745  
91-527/1221

9/29/2004

1794

PAY TO THE ORDER OF Marsha Bonham - Cochise Co. Treasurer

\$ \*\*4,960.32

Four Thousand Nine Hundred Sixty and 32/100\*\*\*\*\*

DOLLARS

Marsha Bonham - Cochise Co. Treasurer

VOID AFTER 90 DAYS

MEMO

*[Signature]*  
AUTHORIZED SIGNATURE

⑈001794⑈ ⑆122105278⑆0719902645⑈

CLEAR SPRINGS UTILITY CO. INC.

Marsha Bonham - Cochise Co. Treasurer

9/29/2004

1794

Date	Type	Reference	Original Amt.	Balance Due	Discount	Payment
09/23/2004	Bill	1st half 2004	4,507.54	4,507.54		4,507.54
09/23/2004	Bill	1st half 2004	452.78	452.78		452.78
				Check Amount		4,960.32

**HOLM, HESTAND & VALENZUELA, CPAS, P.C.**

CERTIFIED PUBLIC ACCOUNTANTS

3131 NORTH COUNTRY CLUB ROAD, SUITE 109

TUCSON, ARIZONA 85716

DOUGLAS R. HOLM, CPA  
EMMA K. HESTAND, CPA  
JANETTE G. VALENZUELA, CPA

TELEPHONE: (520) 326-8483  
FAX: (520) 795-5191  
E-MAIL: HHVCPA@EARTHLINK.NET

COMPILATION ENGAGEMENT REPORT

We have compiled the balance sheets of Clear Springs Utility Company--Water Division as of December 31, 2004 and 2003, and the related comparative statements of income and expense for years then ended, included in the accompanying prescribed form in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. We have also compiled the supplementary information presented in the prescribed form.

Our compilation was limited to presenting in the form prescribed by the Arizona Corporation Commission--Utilities Division information that is the representation of management. We have not audited or reviewed the financial statements and supplementary information referred to above and, accordingly, do not express an opinion or any other form of assurance on them.

These financial statements and the supplementary information are presented in accordance with the requirements of the Arizona Corporation Commission--Utilities Division which differ from generally accepted accounting principles. Accordingly, these financial statements are not designed for those who are not informed about such differences.

*Holm, Hestand, Valenzuela CPAs, P.C.*

February 18, 2005